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Green Mountain Care Board Begins 2013 Hospital Budget Review

The Green Mountain Care Board (GMCB) today completed its initial review of hospital budget submissions for hospital fiscal year 2013, which begins October 1, 2012. Hospital budgets, which have been subject to review in Vermont since 1983, are now regulated by the GMCB under 18 V.S.A. § 9456. The GMCB will review in detail the budget submissions of all 14 Vermont hospitals during August and make final rulings on the budgets in September.

The GMCB's initial, high-level review of hospital budget submissions revealed that individual hospitals requested changes in net patient revenue ranging from a decrease of -0.2 percent to an increase of 12.1 percent in FY 2013. The average requested change across the 14 hospitals is an increase of 7.1 percent. Net patient revenue is one key measure the GMCB uses to assess changes in hospital budgets. The GMCB earlier this year set a target of 3.75 percent for the increase in hospital net patient revenue for FY 2013.

The Board also approved in concept certain "exemptions" for revenues that would allow hospitals to exceed the 3.75 percent target in specific situations. Examples of potentially exempt revenues are those that result from state or federal government policies such as an increase in Vermont's "provider tax" on hospitals or those that are related to capital projects that have already been approved through the state Certificate of Need process. Exemptions also include costs associated with the closure of the Vermont State Hospital due to Tropical Storm Irene. Preliminary analysis suggests that if all requested exemptions were allowed by the Board, the adjusted change requested by individual hospitals would range from a drop of -0.2 percent to an increase of 6.5 percent, with an average increase of 3.1 percent.

GMCB Chair Anya Rader Wallack explained that a major focus of the Board's review process would be the requested exemptions and the extent to which they were consistent with the GMCB's intent, but all aspects of the budget submissions would be subject to scrutiny. "The Board is required by Act 48 to reduce health care cost growth in Vermont. We will comb through the submissions very carefully," Wallack said. "We want to ensure that cost growth is constrained, but we also want to allow for spending that results in health system improvement and we have to recognize that some new costs are beyond the control of hospital management." Wallack stressed that all the information reviewed today is subject to further review and verification by the GMCB.

The GMCB will hold a public hearing on the hospital budget submissions on August 14 via Vermont Interactive Television (VIT). A list of the 12 VIT sites, the hospital budget submissions and information on how to provide comment to the GMCB can be found on GMCB's website at <http://gmcboard.vermont.gov/>. Questions or comments can be directed to the GMCB at (802) 828-2177.

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Vermont's Health Reform law, Act 48, charges **The Green Mountain Care Board** (GMCB) with controlling the rate of growth in health care costs and improving the health of Vermonters. The GMCB approves hospital budgets, major health care capital investments, health insurer rates, all-payer rates for all providers and minimum health benefit requirements. The Board encourages Vermonters seeking to share their views to visit the GMCB website (<http://gmcbboard.vermont.gov/>) or to call (802) 828-2177.

